

DOCKET NO. 94-221-C - ORDER NO. 94-1035

IN RE: Application of Great Lakes Telecommunications) ORDER
Corporation for a Certificate of Public) APPROVING
Convenience and Necessity to Operate as a) CERTIFICATE
Reseller of Telecommunications Services in)
South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Great Lakes Telecommunications Corporation (Great Lakes or the Company or the Applicant) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-8-280 (Supp. 1993) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Great Lakes to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Great Lakes' Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Great Lakes complied with this instruction and provided the Commission

with proof of publication of the Notice of Filing. A Petition to Intervene was filed by Southern Bell Telephone and Telegraph Company (Southern Bell). Southern Bell subsequently filed a Motion to Withdraw its Petition to Intervene, and Southern Bell did not participate in the scheduled proceeding.

A hearing was commenced on Tuesday, September 13, 1994, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. John F. Beach, Esquire, represented Great Lakes, and Florence P. Belser, Staff Counsel, represented the Commission Staff.

Great Lakes presented the testimony of B. Steven May, Executive Vice President of Great Lakes, in support of its Application. Mr. May explained the nature of Great Lake's proposed service offering within South Carolina, as well as explained Great Lake's financial, managerial, and technical ability to provide its proposed offering. Mr. May stated that Great Lakes intends to engage in "switchless" resale of telecommunications services and will arrange for the traffic of its subscribers to be routed directly over the networks of its network providers. Mr. May stated that Great Lakes utilizes the network facilities of AT&T. According to Mr. May, Great Lakes will offer its services to the public on a statewide basis, and will market its services by personal and telephone contact by Great Lakes employees, as well as by personal contact through authorized distributors.

Mr. May offered that Great Lake's services are in the public

interest by increasing competition and by encouraging efficient use of existing communications resources. Mr. May further offered that approval of Great Lakes Application will result in expanded tax base and revenue source for the State of South Carolina, as well as creating additional sources of revenues for local exchange companies through excess charges and billing and collecting fees.

Mr. May further stated that Great Lakes agrees to abide by the Rules and Regulations of the South Carolina Public Service Commission in providing its services. Mr. May further testified that Great Lakes has not heretofore provided intrastate telecommunications services in South Carolina. Mr. May also testified that Great Lakes does not offer, nor does Great Lakes have the plans to offer, "900" services in South Carolina.

After full consideration of the applicable law, the Company's Application, and the testimony and evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Great Lakes is incorporated under the laws of the State of Illinois and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Great Lakes operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. Great Lakes has the experience, capability, and financial resources to provide the services as described in its

Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Great Lakes to provide intrastate interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Great Lakes for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Great Lakes shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Great Lakes shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of

GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1993).

4. Great Lakes shall file its revised tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order. Further, the tariff shall be filed with the Commission in a loose-leaf binder.

5. Great Lakes is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if they so desire.

7. Great Lakes shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Great Lakes changes underlying carriers, it shall notify the Commission in writing.

8. Great Lakes shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

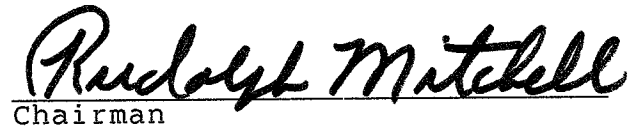
9. Great Lakes shall file surveillance reports on a

calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. Southern Bell's Motion to Withdraw its Intervention is granted.

11. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

DOCKET NO. 94-221-C - ORDER NO. 94-1035
SEPTEMBER 29, 1994
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR RESELLERS OF TELECOMMUNICATION SERVICE

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).